

# Senate Study Bill 1023

SENATE/HOUSE FILE \_\_\_\_\_  
BY (PROPOSED ATTORNEY  
GENERAL BILL)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to financial services business licensing and  
2 regulation, providing criminal and civil penalties, and  
3 providing an effective date.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
5 TLSB 1042DP 80  
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1 1 Section 1. Section 533B.1, Code 2003, is amended by  
1 2 striking the section and inserting in lieu thereof the  
1 3 following:  
1 4 533B.1 SHORT TITLE.  
1 5 This Act shall be known and may be cited as the "Iowa  
1 6 Financial Services Business Licensing and Regulation Act".  
1 7 Sec. 2. Section 533B.2, Code 2003, is amended by striking  
1 8 the section and inserting in lieu thereof the following:  
1 9 533B.2 LEGISLATIVE FINDINGS.  
1 10 The general assembly finds and declares as follows:  
1 11 1. Criminal activity and the networks that characterize  
1 12 criminal industries divert millions of dollars from the  
1 13 legitimate commerce of this state each year through the  
1 14 provision of illicit goods and services, force, fraud, and  
1 15 corruption.  
1 16 2. Individuals and groups associated together to conduct  
1 17 criminal activity pose an additional threat to the integrity  
1 18 of legitimate commerce by obtaining control of legitimate  
1 19 enterprises through criminal means, by force or fraud, and by  
1 20 manipulating those enterprises for criminal purposes.  
1 21 3. Money and power generated by criminal activity are  
1 22 being used to obtain control of legitimate enterprises, to  
1 23 invest in legitimate commerce, and to control the resources  
1 24 needed to facilitate ongoing criminal activity.  
1 25 4. Criminal activity and proceeds of criminal activity  
1 26 subvert the basic goals of a free democracy by expropriating  
1 27 the government's monopoly of the legitimate use of force, by  
1 28 undermining the monetary medium of exchange and by subverting  
1 29 the judicial and law enforcement processes that are necessary  
1 30 for the preservation of social justice and equal opportunity.  
1 31 5. Criminal activity impedes free competition, weakens the  
1 32 economy, harms in-state and out-of-state investors, diverts  
1 33 taxable funds, threatens the domestic security, endangers the  
1 34 health, safety, and welfare of the public and debases the  
1 35 quality of life of the citizens of this state.  
2 1 6. Criminal activity becomes entrenched and powerful when  
2 2 the social sanctions employed to combat it are unnecessarily  
2 3 limited in their vision of the goals that may be achieved, in  
2 4 their legal tools, or in their procedural approach.  
2 5 7. Societal strategies and techniques that emphasize  
2 6 bringing criminal remedies to bear on individual offenders for  
2 7 the commission of specific offenses are inadequate to reach  
2 8 the economic incentive supporting the criminal network, are  
2 9 expensive to implement, and are costly in terms of the loss of  
2 10 personal freedom of low-level participants in criminal  
2 11 networks. Comprehensive remedial strategies are required to  
2 12 complement the criminal enforcement strategies by focusing on  
2 13 the financial components and motivations of criminal networks;  
2 14 enlisting the assistance of private victims; empowering courts  
2 15 with financially oriented compensatory tools; and developing  
2 16 new substantive, procedural, and evidentiary laws creating  
2 17 effective remedial financial remedies for criminal activity.  
2 18 Sec. 3. Section 533B.3, Code 2003, is amended by striking  
2 19 the section and inserting in lieu thereof the following:  
2 20 533B.3 PURPOSES.  
2 21 The purposes of this Act are to do all of the following:  
2 22 1. Defend legitimate commerce from criminal activity.

2 23 2. Provide economic disincentives for criminal activity.  
2 24 3. Remedy the economic effects of criminal activity.  
2 25 4. Lessen the economic and political power of criminal  
2 26 networks in this state by providing to the people and to the  
2 27 victims of criminal activity new criminal sanctions and new  
2 28 remedial preventive measures through civil remedies.  
2 29 Sec. 4. Section 533B.4, Code 2003, is amended by striking  
2 30 the section and inserting in lieu thereof the following:  
2 31 533B.4 DEFINITIONS.  
2 32 In this chapter, unless the context otherwise requires:  
2 33 1. "Authorized delegate" means a person contractually  
2 34 designated by the licensee to conduct the business of the  
2 35 licensee regulated under this chapter at one or more locations  
3 1 within this state, pursuant to section 533B.10.  
3 2 2. "Check cashing" means exchanging for compensation a  
3 3 check, draft, money order, traveler's check, or a payment  
3 4 instrument of a licensee for money or monetary value delivered  
3 5 to the presenter at the time and place of the presentation.  
3 6 3. "Compensation" means any fee, commission, or other  
3 7 benefit.  
3 8 4. "Conduct the business" means engaging in activities  
3 9 regulated under this chapter for compensation more than ten  
3 10 times in any twelve=consecutive=month period.  
3 11 5. "Control" means ownership of fifteen percent or more of  
3 12 a licensee or controlling person, or the power to vote fifteen  
3 13 percent or more of the outstanding voting securities of a  
3 14 licensee or controlling persons. For the purpose of  
3 15 determining the percentage controlled by any person, that  
3 16 person's interest shall be aggregated with the interest of any  
3 17 other person controlled by that person or by any officer,  
3 18 partner, or authorized delegate of that person, or by a  
3 19 spouse, parent, or child of that person.  
3 20 6. "Controlling person" means a person directly or  
3 21 indirectly in control of a licensee.  
3 22 7. "Financial services business" means a person who is  
3 23 located or doing business in this state, including a check  
3 24 cashier and a foreign money exchanger, and who does any of the  
3 25 following:  
3 26 a. Sells or issues payment instruments.  
3 27 b. Conducts the business of receiving money or monetary  
3 28 value for the transmission of or transmitting money or  
3 29 monetary value.  
3 30 c. Conducts the business of exchanging payment  
3 31 instruments, money, or monetary value into any form of money,  
3 32 monetary value, or payment instrument.  
3 33 d. Conducts the business of receiving money or monetary  
3 34 value for obligors for the purpose of paying that obligor's  
3 35 bills, invoices, or accounts.  
4 1 e. Meets the definition of a bank, financial agency, or  
4 2 financial institution as prescribed by 31 U.S.C. } 5312 or 31  
4 3 C.F.R. } 103.11, or any successor provisions.  
4 4 f. Meets the definition of money services business as  
4 5 prescribed by 31 U.S.C. } 5312 or 31 C.F.R. } 103.11, or any  
4 6 successor provisions.  
4 7 8. "Foreign money exchange" means exchanging for  
4 8 compensation money of the United States government or a  
4 9 foreign government to or from money of another government at a  
4 10 conspicuously posted exchange rate at the time and place of  
4 11 the presentation of the money to be exchanged.  
4 12 9. "Licensee" means a person licensed under this chapter.  
4 13 10. "Location" means a place of business at which activity  
4 14 regulated by this chapter occurs.  
4 15 11. "Monetary value" means a medium of exchange, whether  
4 16 or not redeemable in money.  
4 17 12. "Money" means a medium of exchange authorized or  
4 18 adopted by a domestic or foreign government as a part of its  
4 19 currency and that is customarily used and accepted as a medium  
4 20 of exchange in the country of issuance.  
4 21 13. "Outstanding payment instruments" means unpaid payment  
4 22 instruments whose sale has been reported to a licensee.  
4 23 14. "Payment instrument" means a check, draft, money  
4 24 order, traveler's check, stored value, or other instrument or  
4 25 order for the transmission or payment of money or monetary  
4 26 value, sold to one or more persons, whether or not that  
4 27 instrument or order is negotiable. "Payment instrument" does  
4 28 not include an instrument that is redeemable by the issuer in  
4 29 merchandise or service, a credit card voucher, or a letter of  
4 30 credit.  
4 31 15. "Permissible investment" means any of the following:  
4 32 a. Money on hand or on deposit in the name of the  
4 33 licensee.

4 34 b. Certificates of deposit or other debt instruments of a  
4 35 bank, savings and loan association, or credit union.

5 1 c. Bills of exchange or time drafts drawn on and accepted  
5 2 by a bank, otherwise known as bankers acceptances, that are  
5 3 eligible for purchase by member banks of the federal reserve  
5 4 system.

5 5 d. Commercial paper bearing a rating of one of the three  
5 6 highest grades as defined by a nationally recognized  
5 7 organization that rates these securities.

5 8 e. Securities, obligations, or other instruments, whose  
5 9 payment is guaranteed by the general taxing authority of the  
5 10 issuer, of the United States, of any state or by any other  
5 11 local government entity or any political subdivision or  
5 12 instrumentality of a government entity that bear a rating of  
5 13 one of the three highest grades by a nationally recognized  
5 14 investment service organization that has been engaged  
5 15 regularly in rating state and municipal issues for at least  
5 16 five years.

5 17 f. Stocks, bonds, or other obligations of a corporation  
5 18 organized in any state of the United States, the District of  
5 19 Columbia, the Commonwealth of Puerto Rico, or the several  
5 20 territories organized by Congress that bear a rating of one of  
5 21 the three highest grades by a nationally recognized investment  
5 22 service organization that has been engaged regularly in rating  
5 23 corporate securities for at least five years.

5 24 g. Any receivable that is due to a licensee from its  
5 25 authorized delegate pursuant to a contract between the  
5 26 licensee and the authorized delegate as described in section  
5 27 533B.10 if the amount of investment in those receivables does  
5 28 not exceed eighty percent of the total amount of those  
5 29 receivables that are past due or doubtful of collection.

5 30 h. Other investments approved by the superintendent by  
5 31 rule.

5 32 16. "Property" means anything of value, and includes any  
5 33 interest in property, including any benefit, privilege, claim  
5 34 or right with respect to anything of value, whether real or  
5 35 personal, tangible or intangible, without reduction for  
6 1 expenses incurred for acquisition, maintenance, production, or  
6 2 any other purpose.

6 3 17. "Responsible individual" means a person employed by a  
6 4 licensee, with principal active management authority over the  
6 5 business of the licensee in this state, that is regulated  
6 6 under this chapter.

6 7 18. "Stored value" means monetary value that is evidenced  
6 8 by an electronic record.

6 9 19. "Superintendent" means the superintendent of banking.

6 10 20. "Transaction" includes a purchase, sale, trade, loan,  
6 11 pledge, investment, gift, transfer, transmission, delivery,  
6 12 deposit, withdrawal, payment, transfer between accounts,  
6 13 exchange of currency or monetary value, extension of credit,  
6 14 purchase or sale of any monetary instrument, use of a safe  
6 15 deposit box, or any other acquisition or disposition of  
6 16 property by whatever means effected.

6 17 21. "Transmitting money" includes the transmission of  
6 18 money or monetary value by any means including transmission  
6 19 within this country or to or from locations abroad by payment  
6 20 instrument, wire, facsimile, or electronic transfer, courier,  
6 21 or otherwise.

6 22 22. "Traveler's check" means an instrument identified as a  
6 23 traveler's check on its face or commonly recognized as a  
6 24 traveler's check and issued in a money multiple of United  
6 25 States or foreign currency with a provision for a specimen  
6 26 signature of the purchaser to be completed at the time of  
6 27 purchase and a countersignature of the purchaser to be  
6 28 completed at the time of negotiation.

6 29 Sec. 5. Section 533B.5, Code 2003, is amended by striking  
6 30 the section and inserting in lieu thereof the following:

6 31 533B.5 LICENSE REQUIRED.

6 32 1. A person shall not sell or issue payment instruments,  
6 33 conduct the business of receiving money or monetary value for  
6 34 transmission or transmitting money or monetary value, conduct  
6 35 the business of exchanging payment instruments, money, or  
7 1 monetary value into any form of money, monetary value, or  
7 2 payment instrument, or conduct the business of receiving money  
7 3 or monetary value for obligors for the purpose of paying that  
7 4 obligor's bills, invoices, or accounts, advertise, solicit, or  
7 5 hold the person out as conducting the business of selling or  
7 6 issuing payment instruments, or of receiving money or monetary  
7 7 value for transmission or transmitting money or monetary  
7 8 value, or of exchanging payment instruments or money into any  
7 9 form of money, monetary value, or payment instrument, or of

7 10 receiving money or monetary value for obligors for the purpose  
7 11 of paying that obligor's bills, invoices, or accounts without  
7 12 first obtaining a license as provided in this chapter or  
7 13 becoming an authorized delegate of a licensee with respect to  
7 14 those activities.

7 15 2. A licensee is under the jurisdiction of the  
7 16 superintendent of banking.

7 17 3. Only a corporation organized and in good standing under  
7 18 the laws of the state of its incorporation or a corporation  
7 19 organized under the laws of a country other than the United  
7 20 States and in good standing under the laws of the country of  
7 21 its incorporation and authorized to do business in this state  
7 22 may apply for and be issued a license as provided in this  
7 23 chapter.

7 24 4. A person conducts business activity regulated in this  
7 25 state by this chapter if any of the following occurs:

7 26 a. Conduct constituting any element of the regulated  
7 27 business activity occurs in this state.

7 28 b. Conduct occurs outside this state and constitutes an  
7 29 attempt, offer, or conspiracy to engage in the business  
7 30 activity within this state, and an act in furtherance of the  
7 31 attempt, offer, or conspiracy occurs within this state.

7 32 c. As part of a business activity described by this  
7 33 chapter, a person knowingly transmits money into this state or  
7 34 makes payments in this state without disclosing the identity  
7 35 of each person on whose behalf the money was transmitted or  
8 1 the payment was made.

8 2 Sec. 6. Section 533B.6, Code 2003, is amended by striking  
8 3 the section and inserting in lieu thereof the following:

8 4 533B.6 EXEMPTIONS.

8 5 1. This chapter shall not apply to any of the following:

8 6 a. The United States, or any department or agency of the  
8 7 United States.

8 8 b. This state, including any political subdivision of this  
8 9 state.

8 10 2. This chapter shall not apply to any of the following  
8 11 when engaged in the regular course of their respective  
8 12 businesses, except that each shall otherwise be subject to the  
8 13 requirements of this chapter:

8 14 a. A bank, financial institution, holding company, credit  
8 15 union, savings and loan association, building and loan  
8 16 association, mutual bank, or savings bank, whether organized  
8 17 under the laws of any state or of the United States; provided,  
8 18 however, that the entity does not engage in business regulated  
8 19 under this chapter through authorized delegates.

8 20 b. A person who is registered as a money services business  
8 21 with the United States department of the treasury pursuant to  
8 22 31 U.S.C. } 5312 or 31 C.F.R. } 103, or any successor  
8 23 provisions as a check casher, and does not engage in other  
8 24 activity regulated under this chapter except as authorized  
8 25 under this chapter.

8 26 c. A person who is registered as a money services business  
8 27 with the United States department of the treasury pursuant to  
8 28 31 U.S.C. } 5312 or 31 C.F.R. } 103, or any successor  
8 29 provisions as a money exchanger, and does not engage in other  
8 30 activity regulated under this chapter except as authorized  
8 31 under this chapter.

8 32 d. A person who engages in activity regulated under this  
8 33 chapter only as an authorized delegate of a licensee acting  
8 34 within the scope of the contract between the authorized  
8 35 delegate and the licensee.

9 1 e. A person who provides clearance or settlement services  
9 2 pursuant to a registration as a clearing agency or an  
9 3 exemption from such registration granted under the federal  
9 4 securities laws to the extent of its operation as such a  
9 5 service provider.

9 6 f. An operator of a payment system to the extent that it  
9 7 provides processing, clearing, or settlement services, between  
9 8 or among persons excluded by this section, in connection with  
9 9 wire transfers, credit card transactions, debit card  
9 10 transactions, stored-value transactions, automated  
9 11 clearinghouse transfers, or similar funds transfers.

9 12 g. A person licensed to conduct the business of consumer  
9 13 loans.

9 14 h. A person licensed to conduct business as a debt  
9 15 management company.

9 16 i. A person licensed to conduct business as an escrow  
9 17 company.

9 18 j. A person licensed to conduct business as a trust  
9 19 company.

9 20 k. A person licensed to conduct business as a mortgage

9 21 banker.  
9 22 1. A person licensed to conduct business as a collection  
9 23 agency.  
9 24 m. A person registered as a securities broker=dealer under  
9 25 federal or state securities laws to the extent of its  
9 26 operation as such a broker=dealer.  
9 27 Sec. 7. Section 533B.7, Code 2003, is amended by striking  
9 28 the section and inserting in lieu thereof the following:  
9 29 533B.7 APPLICATION FOR A LICENSE.  
9 30 Each application for a license shall be made in writing,  
9 31 under oath, and in the form prescribed by the superintendent.  
9 32 The application shall at least contain all of the following:  
9 33 1. The exact, full name of the applicant, the date of  
9 34 incorporation and the state where incorporated, copies of the  
9 35 articles of incorporation for the applicant, the name and  
10 1 address of the statutory agent, and any fictitious or trade  
10 2 name used for the applicant.  
10 3 2. The address of the applicant's principal place of  
10 4 business, the address of each location where the applicant  
10 5 intends to transact business in this state, including any  
10 6 branch offices, and the name and address of each location of  
10 7 any authorized delegates.  
10 8 3. For each executive officer and director and each branch  
10 9 manager of the applicant or individual controlling person, and  
10 10 for each officer and director of any controlling person,  
10 11 unless the controlling person is a publicly traded company on  
10 12 a recognized national exchange and has assets in excess of  
10 13 five hundred million dollars, the application shall include  
10 14 all of the following:  
10 15 a. A statement of personal history, including but not  
10 16 limited to the person's name and any aliases or previous names  
10 17 used, date and place of birth, employment history and  
10 18 residence addresses for the preceding fifteen years, social  
10 19 security number, record of any criminal convictions excluding  
10 20 traffic offenses, litigation history deemed significant under  
10 21 generally accepted accounting principles for the past ten  
10 22 years, and report of any bankruptcies filed individually or by  
10 23 any entity controlled by that person.  
10 24 b. Alien registration information, if applicable.  
10 25 c. Photographs and fingerprints taken by a county or  
10 26 municipal law enforcement agency.  
10 27 d. Copies of the most recent tax returns filed and signed  
10 28 waivers for verifying submitted tax returns with the internal  
10 29 revenue service.  
10 30 4. An identification statement for each branch manager and  
10 31 responsible individual including all of the following:  
10 32 a. Name and any aliases or previous names used.  
10 33 b. Date and place of birth.  
10 34 c. Social security number.  
10 35 d. Record of criminal convictions, excluding traffic  
11 1 offenses.  
11 2 e. Alien registration information, if applicable.  
11 3 f. Employment history and residence addresses for the  
11 4 preceding fifteen years.  
11 5 5. The name and address of each authorized delegate, and a  
11 6 written authorization for a criminal history check accompanied  
11 7 with the applicable fee.  
11 8 6. The identity of any account in any financial  
11 9 institution through which the applicant intends to conduct any  
11 10 business regulated under this chapter, including the account  
11 11 name, the account number, and the name and address of the  
11 12 financial institution.  
11 13 7. A financial statement audited by a licensed independent  
11 14 certified public accountant.  
11 15 8. A list of all other states in which the applicant is  
11 16 licensed to conduct money transmission and any license  
11 17 revocations, suspensions, or other disciplinary action taken  
11 18 against the applicant in any other state.  
11 19 9. A description of the sources of money and credit the  
11 20 applicant will use.  
11 21 Sec. 8. NEW SECTION. 533B.8 FEE == FINANCIAL STATEMENT  
11 22 AND BOND.  
11 23 1. Each application for a licensee shall be accompanied by  
11 24 all of the following:  
11 25 a. An application fee of one thousand dollars and a  
11 26 license fee of three thousand dollars. The license fee shall  
11 27 be refunded if the application is denied. An application fee  
11 28 shall not be refunded. All application and license fees  
11 29 collected by the department under this chapter shall be  
11 30 transmitted to the state treasurer for deposit in the  
11 31 financial services licensing fund established in section

11 32 533B.28.

11 33 b. A financial statement, audited by a licensed  
11 34 independent certified public accountant, showing the  
11 35 applicant's net worth is not less than one hundred thousand  
12 1 dollars plus ten thousand dollars for each location or  
12 2 authorized delegate, to a maximum of five hundred thousand  
12 3 dollars, calculated in accordance with generally accepted  
12 4 accounting principles.

12 5 c. Copies of any financial statements that the applicant  
12 6 has filed with the securities exchange commission within the  
12 7 past three years.

12 8 d. If the applicant is a wholly owned subsidiary of a  
12 9 corporation that has filed financial statements with the  
12 10 securities exchange commission in any of the past three years,  
12 11 copies of those filings.

12 12 e. A bond executed by the licensee as principal and a  
12 13 surety company authorized to do business in this state as a  
12 14 surety, except that an applicant or licensee who engages in no  
12 15 business regulated by this chapter other than check cashing or  
12 16 foreign money exchange need not post the bond required by this  
12 17 paragraph. The bond shall be in the amount of three hundred  
12 18 thousand dollars, with that amount to be increased by twenty=  
12 19 five thousand dollars for each authorized delegate, to a  
12 20 maximum of one million dollars. The bond shall be conditioned  
12 21 on the faithful compliance of the licensee, including its  
12 22 directors, officers, authorized delegates, and employees, with  
12 23 this chapter. The bond shall be payable to any person injured  
12 24 by the wrongful act, default, fraud, or misrepresentation of  
12 25 the licensee, or the licensee's authorized delegates or  
12 26 employees, or to the state for the benefit of the person  
12 27 injured. Only one bond is required for any licensee  
12 28 irrespective of the number of officers, directors, employees,  
12 29 locations, or authorized delegates of that licensee. The bond  
12 30 shall remain in effect until canceled by the surety, which  
12 31 cancellation may be had only after thirty days' written notice  
12 32 to the superintendent. The cancellation does not affect any  
12 33 liability incurred or accrued prior to the termination of that  
12 34 thirty-day period.

12 35 f. A sample of the contract that the applicant proposes to  
13 1 use in its creation of authorized delegates, if any.

13 2 g. A sample of the payment instrument that the applicant  
13 3 proposes to issue, if any.

13 4 h. A statement identifying each clearing bank that the  
13 5 applicant intends to use in business regulated under this  
13 6 chapter.

13 7 2. A licensee shall maintain a net worth that satisfies  
13 8 the requirements of subsection 1.

13 9 3. If a person injured by the wrongful act, default,  
13 10 fraud, or misrepresentation of the licensee, or the licensee's  
13 11 authorized delegates or employees commences an action for a  
13 12 judgment to collect from the bond, the person shall notify the  
13 13 superintendent of the action in writing at the time of the  
13 14 commencement of the action and shall provide copies of all  
13 15 documents relating to the action to the superintendent on  
13 16 request.

13 17 4. In lieu of the surety bond prescribed in this section,  
13 18 an applicant for a license or a licensee may deposit with the  
13 19 superintendent cash or alternatives to cash in the amount of  
13 20 the required bond.

13 21 5. In lieu of the surety bond prescribed in this section,  
13 22 the applicant or a licensee may make deposits with any  
13 23 federally insured banking institution or savings and loan  
13 24 association in this state designated by the applicant and  
13 25 approved by the superintendent. These deposits may include,  
13 26 subject to the approval of the superintendent, cash,  
13 27 securities, interest-bearing stocks and bonds, notes,  
13 28 debentures or other obligations of the United States or agency  
13 29 or instrumentality of the United States or guaranteed by the  
13 30 United States or of this state or any subdivision of this  
13 31 state, of an aggregate amount at all times of not less than  
13 32 the amount of the required surety bond, based upon principal  
13 33 amount or market value, whichever is lower.

13 34 6. The superintendent shall transmit the cash received  
13 35 under this section to the state treasurer. The state  
14 1 treasurer shall hold the cash in the name of this state to  
14 2 guarantee the faithful performance of all legal obligations of  
14 3 the person required to post bond pursuant to this section.  
14 4 The person is entitled to receive any accrued interest earned.  
14 5 The state treasurer may impose a fee to reimburse the state  
14 6 treasurer for its administrative expenses. The fee shall not  
14 7 exceed one hundred dollars for each cash deposit and shall be

14 8 paid by the applicant or licensee.  
14 9 7. In addition to any other terms and conditions that the  
14 10 superintendent prescribes by rule or order, the principal  
14 11 amount of the deposits made under subsection 4 or 5 shall be  
14 12 released only on written authorization of the superintendent  
14 13 or on the order of a court of competent jurisdiction. The  
14 14 principal amount of the deposit shall not be released to the  
14 15 licensee before the expiration of five years from the first to  
14 16 occur of the following:  
14 17 a. The date of substitution of a bond for an alternative  
14 18 deposit unless the superintendent determines in the  
14 19 superintendent's discretion that the bond constitutes adequate  
14 20 security for all past, present, or future obligations of the  
14 21 licensee. After that determination the cash alternative may  
14 22 be immediately released.  
14 23 b. The surrender of the license.  
14 24 c. The revocation of the license.  
14 25 d. The expiration of the license.  
14 26 8. Notwithstanding subsections 1 through 7, if the  
14 27 required amount of the bond is reduced, whether by change in  
14 28 the number of authorized delegates or by legislative action, a  
14 29 cash deposit in lieu of that bond shall not be correspondingly  
14 30 reduced but shall be maintained at the higher amount until the  
14 31 expiration of five years from the effective date of the  
14 32 reduction in the required amount of bond, unless the  
14 33 superintendent in the superintendent's discretion determines  
14 34 otherwise.  
14 35 Sec. 9. NEW SECTION. 533B.9 ISSUANCE OF LICENSE ==  
15 1 RENEWAL == BRANCH OFFICE LICENSES == CHANGE IN LOCATION.  
15 2 1. Upon the filing of a complete application, the  
15 3 superintendent shall investigate the financial condition and  
15 4 responsibility, financial and business experience, character,  
15 5 and general fitness of the applicant. In the superintendent's  
15 6 discretion, the superintendent may conduct an on-site  
15 7 investigation of the applicant, the reasonable cost of which  
15 8 shall be borne by the applicant. The superintendent shall  
15 9 issue a license to an applicant if the superintendent finds  
15 10 all of the following:  
15 11 a. The applicant has fulfilled the requirements of  
15 12 sections 533B.7 and 533B.8.  
15 13 b. The applicant has not been convicted of a felony within  
15 14 the past ten years.  
15 15 c. An officer, director, or controlling person has not  
15 16 been convicted of a felony within the past ten years.  
15 17 d. The competence, experience, and integrity of the  
15 18 officers, directors, controlling persons, and any proposed  
15 19 management personnel indicate that it would be in the interest  
15 20 of the public to permit such persons to participate in the  
15 21 affairs of a licensee.  
15 22 e. The applicant has paid the required license fee, and a  
15 23 separate fee as set by the department of public safety to pay  
15 24 for a state and a national criminal record check.  
15 25 2. The superintendent shall submit to the department of  
15 26 public safety the name, fingerprints, and photograph of any  
15 27 applicant or licensee and the name, fingerprints, and  
15 28 photograph of any incorporator, director, officer, member, or  
15 29 individual controlling person of any applicant within fourteen  
15 30 days after receipt of any application. The department of  
15 31 public safety shall report to the superintendent the state  
15 32 criminal record, if any, of that person within ninety days of  
15 33 receipt of the request of the superintendent and the national  
15 34 criminal record, if any, of that person within five days of  
15 35 the receipt of the record by the department of public safety.  
16 1 3. a. The superintendent shall approve or deny every  
16 2 application for an original license within one hundred twenty  
16 3 days after the date an application is complete, which period  
16 4 may be extended by the written consent of the applicant.  
16 5 b. The superintendent shall notify the applicant of the  
16 6 date when the application is determined to be complete.  
16 7 c. In the absence of approval or denial of the  
16 8 application, or the applicant's consent to the extension of  
16 9 the one-hundred=twenty=day period, the application is deemed  
16 10 approved and the superintendent shall issue the license  
16 11 effective as of the first business day after that one-hundred=  
16 12 twenty=day period or any extended period.  
16 13 d. If the superintendent denies the application, the  
16 14 superintendent shall issue an order stating the reasons for  
16 15 the denial, pursuant to section 533B.12. The applicant may  
16 16 request a hearing pursuant to section 533B.12.  
16 17 4. a. Licensees shall pay a renewal fee of one thousand  
16 18 five hundred dollars on or before the first day of January of

16 19 each year. The renewal fee shall be accompanied by a renewal  
16 20 application in the form prescribed by the superintendent.  
16 21 b. A license for which an application and renewal fee has  
16 22 not been received by the first of January shall be suspended.  
16 23 c. A licensee may renew a suspended license no later than  
16 24 February 1 of the year of expiration by paying the renewal fee  
16 25 plus one hundred dollars for each day past January 1 that the  
16 26 licensee is late with payment of the renewal fee.  
16 27 d. A license expires on February 1 of each year, unless  
16 28 earlier renewed, surrendered, or revoked.  
16 29 e. A license shall not be granted to the holder of an  
16 30 expired license or to an incorporator, director, or officer of  
16 31 that licensee except upon compliance with the requirements  
16 32 provided in this chapter for an original license, including  
16 33 the payment of the fee.  
16 34 f. All license renewal fees paid under this subsection,  
16 35 including fees paid pursuant to paragraph "c", shall be  
17 1 transmitted to the state treasurer for deposit in the  
17 2 financial services licensing fund established in section  
17 3 533B.28.  
17 4 5. A licensee shall designate and maintain a principal  
17 5 place of business for the transaction of business regulated by  
17 6 this chapter. If the licensee maintains one or more places of  
17 7 business in this state, the licensee shall designate a place  
17 8 of business in this state as its principal place of business  
17 9 for the purposes of this chapter. The license shall specify  
17 10 the address of the principal place of business. The licensee  
17 11 shall designate a responsible individual for its principal  
17 12 place of business.  
17 13 6. a. If a licensee maintains one or more locations in  
17 14 this state in addition to a principal place of business, and  
17 15 those locations are to be under the control of the licensee  
17 16 and not under the control of authorized delegates pursuant to  
17 17 section 533B.10, the licensee shall obtain a branch office  
17 18 license from the superintendent for each additional location  
17 19 by filing an application as required by the superintendent at  
17 20 the time the licensee files its license application.  
17 21 b. If the licensee adds branch offices from time to time,  
17 22 the licensee shall file an application for a branch office  
17 23 license with the superintendent with the licensee's next  
17 24 quarterly fiscal report, as required in section 533B.13. If  
17 25 the superintendent determines that it would be in the interest  
17 26 of the public, the superintendent shall issue a branch office  
17 27 license.  
17 28 c. The license shall indicate on its face the address of  
17 29 the branch office and shall designate a manager for each  
17 30 branch office to oversee that office.  
17 31 d. The superintendent may disapprove the designated  
17 32 manager then or at any later time if the superintendent finds  
17 33 that the competence, experience, and integrity of the branch  
17 34 manager warrants disapproval.  
17 35 e. An individual may be designated as the manager for more  
18 1 than one branch.  
18 2 f. The licensee shall submit a fee of one thousand five  
18 3 hundred dollars for each branch office license. This fee  
18 4 shall be transmitted to the state treasurer for deposit in the  
18 5 financial services licensing fund established in section  
18 6 533B.28.  
18 7 7. A licensee shall prominently display the financial  
18 8 services business license in its principal place of business  
18 9 and the branch office license in each branch office. Each  
18 10 authorized delegate shall prominently display at each location  
18 11 a notice, in a form prescribed by the superintendent, that the  
18 12 authorized delegate is an authorized delegate of a licensee  
18 13 under this chapter.  
18 14 8. If the address of the principal place of business or  
18 15 any branch office is changed, the licensee shall immediately  
18 16 notify the superintendent in writing of the change.  
18 17 Sec. 10. NEW SECTION. 533B.10 AUTHORIZED DELEGATES OF  
18 18 LICENSEES.  
18 19 1. A licensee may conduct the business regulated under  
18 20 this chapter at one or more locations within this state  
18 21 through authorized delegates designated by the licensee from  
18 22 time to time, if the licensee has a net worth of at least five  
18 23 hundred thousand dollars plus twenty-five thousand dollars for  
18 24 each authorized delegate, not to exceed one million dollars  
18 25 according to financial statements calculated in accordance  
18 26 with generally accepted accounting principles audited by a  
18 27 licensed independent certified public accountant.  
18 28 2. Each contract between a licensee and an authorized  
18 29 delegate shall require the authorized delegate to operate in



18 30 full compliance with the law and shall contain as an appendix  
18 31 a current copy of this chapter. The licensee shall provide  
18 32 each authorized delegate with operating policies and  
18 33 procedures sufficient to permit compliance by the delegate  
18 34 with all applicable laws, rules, regulations, and orders.  
18 35 Unless the parties provide otherwise in their contract, the  
19 1 licensee shall update the policies and procedures no later  
19 2 than sixty days prior to the effective date of a new or  
19 3 amended law, rule, regulation, or order to permit compliance  
19 4 with the law, rule, regulation, or order, or as soon as  
19 5 practicable if less than sixty days' notice is given to the  
19 6 licensee of the new or amended law, rule, regulation, or  
19 7 order.

19 8 3. The superintendent may issue an order to cease and  
19 9 desist against a licensee or its authorized delegate,  
19 10 including an order requiring the licensee to cease conducting  
19 11 its business through an authorized delegate and to take  
19 12 appropriate affirmative action if the superintendent finds any  
19 13 of the following:

19 14 a. The authorized delegate has violated, is violating, or  
19 15 is about to violate any applicable law, rule, regulation, or  
19 16 any order of the superintendent.

19 17 b. The authorized delegate has failed to cooperate with  
19 18 any examination or investigation by the superintendent or the  
19 19 attorney general as authorized by this chapter.

19 20 c. The competence, experience, or integrity of the  
19 21 authorized delegate or any controlling person of the  
19 22 authorized delegate indicates that it would not be in the  
19 23 interest of the public to permit that person to participate in  
19 24 business regulated under this chapter.

19 25 d. The financial condition of the authorized delegate  
19 26 might jeopardize the interests of the public in the conduct of  
19 27 business regulated under this chapter.

19 28 e. The authorized delegate has engaged, is engaging, or is  
19 29 about to engage in any unsafe or unsound act or practice or  
19 30 transaction or any act, practice, or transaction that  
19 31 constitutes a violation of this chapter or of any rule,  
19 32 regulation, or order of the superintendent.

19 33 4. Any business for which a license is required by this  
19 34 chapter that is conducted by an authorized delegate outside  
19 35 the scope of authority conferred in the contract between the  
20 1 authorized delegate and the licensee is unlicensed activity.

20 2 5. An authorized delegate of a licensee holds in trust for  
20 3 the benefit of the licensee all moneys received from the sale  
20 4 or delivery of the licensee's payment instruments or moneys  
20 5 received for transmission. If an authorized delegate  
20 6 commingles any of those moneys with any moneys or other  
20 7 property owned or controlled by the authorized delegate, a  
20 8 trust against all commingled proceeds and other moneys or  
20 9 property controlled by the authorized delegate is imposed in  
20 10 favor of the licensee in an amount equal to the amount of the  
20 11 proceeds due the licensee.

20 12 6. An authorized delegate is subject to examination by the  
20 13 superintendent at the discretion of the superintendent, as if  
20 14 the authorized delegate were a state bank, pursuant to section  
20 15 524.217. The licensee is responsible for the payment of an  
20 16 assessment for the examination of its authorized delegates  
20 17 only to the extent that the examination relates to the  
20 18 activities conducted by the authorized delegate on behalf of  
20 19 the licensee. The assessment and payment of that assessment  
20 20 shall be made in accordance with the requirements of section  
20 21 524.219. Fees paid pursuant to this section shall be  
20 22 transmitted to the state treasurer for deposit in the  
20 23 financial services licensing fund established in section  
20 24 533B.28.

20 25 Sec. 11. NEW SECTION. 533B.11 SUSPENSION OR REVOCATION  
20 26 OF LICENSES.

20 27 The superintendent may suspend or revoke a license and may  
20 28 order a licensee to revoke the designation of an authorized  
20 29 delegate whose conduct has contributed to the event if the  
20 30 superintendent finds any of the following has occurred:

20 31 1. The licensee has made a material misstatement or  
20 32 suppressed or withheld information on the application for  
20 33 license or any document required to be filed with the  
20 34 superintendent.

20 35 2. Any fact or condition exists that, if it had existed or  
21 1 had been known at the time when the licensee had applied for  
21 2 its license, would have been grounds for denying the  
21 3 application.

21 4 3. The licensee's net worth becomes inadequate and the  
21 5 licensee after ten days' written notice from the

21 6 superintendent fails to furnish the capital required by this  
21 7 chapter.

21 8 4. The licensee is insolvent or the licensee has suspended  
21 9 payment of its obligations, has made an assignment for the  
21 10 benefit of its creditors, or has admitted in writing its  
21 11 inability to pay its debts as they become due.

21 12 5. The licensee has violated any provision of chapter  
21 13 706B, regarding money laundering; or has violated any  
21 14 provision of chapter 529, regarding financial transaction  
21 15 reporting; or requirements imposed by 31 U.S.C. } 5311 through  
21 16 5326, and 31 C.F.R. } 102 or 12 C.F.R. } 21.11; or has violated  
21 17 any rule or regulation adopted pursuant to this chapter, or  
21 18 any order of the superintendent.

21 19 6. An authorized delegate of the licensee has violated any  
21 20 provision of chapter 706B, regarding money laundering; or has  
21 21 violated any provision of chapter 529, regarding financial  
21 22 transaction reporting; or requirements imposed by 31 U.S.C. }  
21 23 5311 through 5326, and 31 C.F.R. } 102 or 12 C.F.R. } 21.11;  
21 24 or has violated any rule or regulation adopted pursuant to  
21 25 this chapter, or any order of the superintendent as a result  
21 26 of a course of negligent failure to supervise or as a result  
21 27 of the willful misconduct of the licensee. If a compliance  
21 28 program previously qualified by the superintendent was in  
21 29 place for the licensee at the time of the violation, the  
21 30 superintendent shall consider the compliance program of the  
21 31 licensee in determining whether there has been a course of  
21 32 negligent failure to supervise, and may not revoke a license  
21 33 on the basis of a course of negligent failure to supervise  
21 34 unless the licensee has previously been suspended pursuant to  
21 35 this section.

22 1 7. The licensee or any authorized delegate of the licensee  
22 2 refuses to permit the superintendent or the attorney general  
22 3 to make any examination or investigation authorized by this  
22 4 chapter.

22 5 8. The licensee or any authorized delegate of the licensee  
22 6 knowingly fails to make any report required by this chapter.

22 7 9. The licensee fails to pay a judgment entered in favor  
22 8 of a claimant, plaintiff, or creditor in an action arising out  
22 9 of the licensee's business regulated under this chapter,  
22 10 within thirty days after expiration or termination of a stay  
22 11 of execution or other stay of proceedings, whichever is later.  
22 12 If execution on the judgment is stayed by court order,  
22 13 operation of law, or otherwise, proceedings to suspend or  
22 14 revoke the license for failure of the licensee to pay that  
22 15 judgment shall not be commenced by the superintendent under  
22 16 this subsection until thirty days after that stay.

22 17 10. The licensee has been convicted in any state of a  
22 18 felony or of any crime of breach of trust or dishonesty.

22 19 11. The licensee has exhibited a pattern of failure or  
22 20 refusal promptly to pay lawful and enforceable obligations on  
22 21 payment instruments or transmissions of money.

22 22 Sec. 12. NEW SECTION. 533B.12 HEARINGS.

22 23 1. a. A license shall not be suspended or revoked except  
22 24 after a hearing held by the superintendent.

22 25 b. The superintendent shall also hold a hearing when  
22 26 requested by an applicant whose application for a license has  
22 27 been denied.

22 28 2. The superintendent shall give the licensee or applicant  
22 29 at least ten days' written notice of the time and place of the  
22 30 hearing by certified mail or restricted certified mail  
22 31 addressed to the licensee or applicant at its last known  
22 32 address.

22 33 3. Any order of the superintendent suspending, revoking,  
22 34 or denying a license shall state the grounds it is based on  
22 35 and shall not be effective until ten days after written notice  
23 1 of the order has been sent by certified mail or restricted  
23 2 certified mail to the licensee or applicant at its last known  
23 3 address.

23 4 4. a. Any hearing required by this section shall be  
23 5 conducted on the record.

23 6 b. Witnesses shall be sworn and evidence presented to the  
23 7 superintendent shall be appropriately identified and  
23 8 preserved.

23 9 c. The superintendent may issue subpoenas to compel the  
23 10 production of physical items and the attendance of witnesses.

23 11 5. Any notice required under this section shall be  
23 12 considered served on the third business day after the  
23 13 superintendent mails the notice.

23 14 6. A licensee or applicant may seek judicial review of the  
23 15 superintendent's findings and order pursuant to chapter 17A.

23 16 Sec. 13. NEW SECTION. 533B.13 REPORTS.

23 17 1. The superintendent may require any licensee or  
23 18 authorized delegate, under penalty of perjury or otherwise, to  
23 19 file reports concerning the licensee's or authorized  
23 20 delegate's business conducted pursuant to the license issued  
23 21 under this chapter, as the superintendent may deem necessary  
23 22 for the enforcement of this chapter.

23 23 2. Each licensee shall file with the superintendent within  
23 24 forty-five days after the end of each fiscal quarter, a  
23 25 financial statement, including a balance sheet, income and  
23 26 expense statements, and a current list of all authorized  
23 27 delegates, branch managers, responsible individuals, and  
23 28 locations within this state that have been added or terminated  
23 29 by the licensee within the fiscal quarter. Information  
23 30 regarding branch managers and responsible individuals shall  
23 31 include the information required by section 533B.7,  
23 32 subsections 3 and 4. For locations and authorized delegates,  
23 33 the licensee shall include the name and street address of each  
23 34 location and authorized delegate. The superintendent may  
23 35 extend the forty-five-day period on application of the  
24 1 licensee.

24 2 3. a. A licensee who fails to file any report required by  
24 3 this section on or before the day designated for making the  
24 4 report, or fails to include any prescribed matter in the  
24 5 report, shall pay a civil penalty of one hundred dollars for  
24 6 every day that the report is delayed or incomplete, unless the  
24 7 superintendent, for good cause shown, reduces the amount to be  
24 8 paid, or unless the time to file the report was extended in  
24 9 writing by the superintendent.

24 10 b. Any civil penalty paid under this subsection shall be  
24 11 transmitted to the state treasurer for deposit in the  
24 12 financial services licensing fund established in section  
24 13 533B.28.

24 14 4. a. The superintendent may, in the superintendent's  
24 15 discretion, conduct an on-site examination of a licensee to  
24 16 determine compliance with this chapter. The licensee shall  
24 17 pay the reasonable costs of the on-site examination, pursuant  
24 18 to the provisions of section 524.219. The examination payment  
24 19 shall be transmitted to the state treasurer for deposit in the  
24 20 financial services licensing fund established in section  
24 21 533B.28.

24 22 If the superintendent finds, based on the licensee's  
24 23 financial statements and past history of operations in this  
24 24 state, that an on-site examination is unnecessary, the  
24 25 superintendent may waive the on-site examination.

24 26 b. The on-site examination may be conducted in conjunction  
24 27 with examinations performed by representatives of agencies of  
24 28 this state or of another state or of the federal government.

24 29 c. The superintendent, in lieu of an on-site examination,  
24 30 may accept the examination report of an agency of this state  
24 31 or of another state or of the federal government or a report  
24 32 prepared by an independent certified public accountant, and  
24 33 reports so accepted are considered for all purposes as an  
24 34 official report of the banking division for all purposes.

24 35 5. Each licensee shall file with the superintendent within  
25 1 fifteen days of its occurrence, a report of any of the  
25 2 following:

25 3 a. Filing for bankruptcy or reorganization, the filing of  
25 4 a petition by or against the licensee for receivership, the  
25 5 commencement of any other judicial or administrative  
25 6 proceeding for its dissolution or reorganization, or the  
25 7 making of a general assignment for the benefit of its  
25 8 creditors, or the cancellation or other impairment of the  
25 9 licensee's bond or other security.

25 10 b. Institution of license revocation proceedings.

25 11 c. A felony indictment or conviction of a licensee or of  
25 12 an officer, director, controlling person, branch manager,  
25 13 responsible individual, or authorized delegate related to  
25 14 licensed activity, or involving conduct defined as money  
25 15 laundering including any violation of chapter 706B, or a  
25 16 violation of chapter 529, regarding financial transaction  
25 17 reporting.

25 18 Sec. 14. NEW SECTION. 533B.14 INVESTMENTS.

25 19 1. Every licensee shall maintain at all times permissible  
25 20 investments that comply with either of the following:

25 21 a. A market value, computed in accordance with generally  
25 22 accepted accounting principles, of not less than the aggregate  
25 23 amount of all of its outstanding payment instruments.

25 24 b. A net carrying value, computed in accordance with  
25 25 generally accepted accounting principles, of not less than the  
25 26 aggregate amount of all of its outstanding payment  
25 27 instruments, provided the market value of these permissible

25 28 investments is at least ninety=five percent of the net  
25 29 carrying value.

25 30 2. Notwithstanding any provision of this chapter to the  
25 31 contrary, the superintendent shall have, with respect to any  
25 32 particular licensee or all licensees, the authority to limit  
25 33 the extent to which any class of investments defined as  
25 34 permissible in section 533B.4 may be considered a permissible  
25 35 investment, except for money and certificates of deposit. The  
26 1 superintendent may by rule prescribe other types of  
26 2 investments that may be considered permissible investments  
26 3 under this chapter.

26 4 3. Permissible investments, even if commingled with other  
26 5 assets of the licensee, shall be deemed by operation of law to  
26 6 be held in trust for the benefit of the purchasers and holders  
26 7 of the licensee's outstanding payment instruments in the event  
26 8 of the bankruptcy of the licensee.

26 9 Sec. 15. NEW SECTION. 533B.15 RECORDS.

26 10 1. A licensee shall keep and use in its business books,  
26 11 accounts and records in accordance with generally accepted  
26 12 accounting principles that will enable the superintendent to  
26 13 determine whether that licensee is complying with the  
26 14 provisions of this chapter. A licensee and an authorized  
26 15 delegate shall each preserve its records for at least five  
26 16 years after making the final entry on any transaction. An  
26 17 authorized delegate shall keep records as required by the  
26 18 superintendent.

26 19 2. For an authorized delegate, the licensee shall maintain  
26 20 records that demonstrate that the licensee conducted a  
26 21 reasonable background investigation of the authorized  
26 22 delegate. A licensee shall preserve those records for at  
26 23 least five years after the most recent designation of that  
26 24 authorized delegate by the licensee.

26 25 3. The records of the licensee regarding business  
26 26 regulated under this chapter shall be maintained at its  
26 27 principal place of business or, with notice to the  
26 28 superintendent, at another location designated by the  
26 29 licensee. If the records are maintained outside this state,  
26 30 the superintendent may require that the licensee make those  
26 31 records available to the superintendent at the  
26 32 superintendent's office not more than five business days after  
26 33 demand. The superintendent may further require that those  
26 34 records be accompanied by an individual who will be available  
26 35 to answer questions regarding those records and the business  
27 1 regulated under this chapter. The superintendent may require  
27 2 the appearance of a specific individual, or request the  
27 3 licensee to designate an individual knowledgeable with regard  
27 4 to the records and the business. The individual appearing  
27 5 with the records shall be available to the superintendent for  
27 6 up to three business days.

27 7 4. For the purpose of enforcing this chapter, the  
27 8 superintendent or a designated representative, and the  
27 9 attorney general, shall have and shall be given free access to  
27 10 the offices and places of business, files, safes, and vaults  
27 11 of any licensee or authorized delegate and may require the  
27 12 attendance of any person and examine the person under oath  
27 13 about that business or the subject matter of any examination,  
27 14 investigation, or hearing.

27 15 Sec. 16. NEW SECTION. 533B.16 LIABILITY OF LICENSEES.

27 16 A licensee is liable for the payment of all moneys covered  
27 17 by payment instruments that the licensee sells or issues in  
27 18 any form in this state, whether directly or through an  
27 19 authorized delegate and whether as a maker or drawer, and is  
27 20 liable for the payment of money or monetary value received for  
27 21 obligors or for transmission by any means, whether or not that  
27 22 instrument is a negotiable instrument under the laws of this  
27 23 state.

27 24 Sec. 17. NEW SECTION. 533B.17 NOTICE OF SOURCE OF  
27 25 INSTRUMENT == TRANSACTION RECORDS.

27 26 1. Every tangible payment instrument sold by a licensee  
27 27 directly or through an authorized delegate shall bear the name  
27 28 of the licensee and a unique consecutive number clearly  
27 29 stamped or imprinted on it.

27 30 2. For every transaction involving the receipt of money or  
27 31 monetary value from a customer, the licensee or authorized  
27 32 delegate who receives the money or monetary value shall  
27 33 maintain written records of the transaction. The records may  
27 34 be reduced to computer or other electronic medium. The  
27 35 records collectively shall contain the name of the licensee,  
28 1 the street address of the location where the money or monetary  
28 2 value was received, the name and street address of the  
28 3 customer if reported to the licensee or authorized delegate,

28 4 the approximate date of the transaction, the name or other  
28 5 information from which, together with other contemporaneous  
28 6 records, the superintendent can determine the identity of  
28 7 those employees of the licensee or authorized delegate who  
28 8 conducted the transaction, and the amount of the transaction.  
28 9 The information required by this section shall be available  
28 10 through the licensee or authorized delegate who received the  
28 11 money for at least five years from the date of the  
28 12 transaction.

28 13 Sec. 18. NEW SECTION. 533B.18 ACQUISITION OF CONTROL.

28 14 1. A person shall not directly or indirectly acquire  
28 15 control of a licensee or controlling person without the prior  
28 16 written approval of the superintendent, except as otherwise  
28 17 provided by this section.

28 18 2. a. An application for approval to acquire control of a  
28 19 licensee shall be in writing in a form prescribed by the  
28 20 superintendent and shall be accompanied by any information,  
28 21 data, and records the superintendent requires.

28 22 b. A nonrefundable application fee of five hundred dollars  
28 23 shall accompany the application. The fee shall be transmitted  
28 24 to the state treasurer for deposit in the financial services  
28 25 licensing fund established in section 533B.28.

28 26 c. The superintendent shall approve or deny every  
28 27 application for approval to acquire control of a licensee  
28 28 within one hundred twenty days after the date on which the  
28 29 application is complete, unless the applicant consents in  
28 30 writing to an extended period. The superintendent shall  
28 31 notify the applicant of the date when the application is  
28 32 determined to be complete. Any application not denied or  
28 33 approved within this period shall be deemed approved as of the  
28 34 first business day after the expiration of that period.

28 35 3. The superintendent shall deny the application to  
29 1 acquire control of a licensee if the superintendent finds the  
29 2 acquisition of control is contrary to law or determines that  
29 3 disapproval is reasonably necessary to protect the interest of  
29 4 the public. In making that determination, the superintendent  
29 5 shall consider all of the following:

29 6 a. Whether the financial condition of the person seeking  
29 7 to control the licensee might jeopardize the financial  
29 8 condition of the licensee or the interests of the public in  
29 9 the conduct of the business regulated under this chapter.

29 10 b. Whether the competence, experience, and integrity of  
29 11 the person who seeks to control the licensee, or the officers,  
29 12 directors, and controlling persons of the person who seeks to  
29 13 control the licensee, indicate that it would not be in the  
29 14 interest of the public to permit that person to control the  
29 15 licensee.

29 16 4. This section does not prohibit a person from  
29 17 negotiating or entering into agreements subject to the  
29 18 condition that the acquisition of control will not be  
29 19 effective until approval of the superintendent is obtained.

29 20 5. This section does not apply to any of the following:

29 21 a. A registered dealer who acts as an underwriter or  
29 22 member of a selling group in a public offering of the voting  
29 23 securities of a licensee or controlling person of a licensee.

29 24 b. A person who acts as proxy for the sole purpose of  
29 25 voting at a designated meeting of the security holders of a  
29 26 licensee or controlling person of a licensee.

29 27 c. A person who acquires control of a licensee or  
29 28 controlling person of a licensee by devise or descent.

29 29 d. A person who acquires control of a licensee or  
29 30 controlling person as a personal representative, custodian,  
29 31 guardian, conservator, trustee, or other officer appointed by  
29 32 a court of competent jurisdiction or by operation of law.

29 33 e. A pledgee of a voting security of a licensee or  
29 34 controlling person who does not have the right, as pledgee, to  
29 35 vote that security.

30 1 f. A person or transaction that the superintendent by rule  
30 2 or order exempts in the public interest.

30 3 6. Before filing an application for approval to acquire  
30 4 control, a person may request in writing a determination from  
30 5 the superintendent regarding whether that person will be  
30 6 considered in control, upon consummation of a proposed  
30 7 transaction. If the superintendent determines in response to  
30 8 that request that the person will not be in control within the  
30 9 meaning of this chapter, the superintendent shall enter an  
30 10 order to that effect and the proposed transaction is not  
30 11 subject to the requirements of this section.

30 12 Sec. 19. NEW SECTION. 533B.19 INJUNCTIONS.

30 13 1. If it appears to the superintendent that any person has  
30 14 committed or is about to commit a violation of any provision

30 15 of the chapter or of any rule, regulation, or order of the  
30 16 superintendent, the superintendent may apply to the district  
30 17 court for an order enjoining that person from violating or  
30 18 continuing to violate this chapter or any rule, regulation, or  
30 19 order and for injunctive or other relief as the nature of the  
30 20 case may require.

30 21 2. The superintendent may issue an order to cease and  
30 22 desist against a licensee or its authorized delegate,  
30 23 including an order requiring the licensee or authorized  
30 24 delegate to cease conducting its business and to take  
30 25 appropriate affirmative action if the superintendent finds any  
30 26 of the following:

30 27 a. The licensee has violated, is violating or is about to  
30 28 violate any applicable law, rule, regulation, or any order of  
30 29 the superintendent.

30 30 b. The licensee has failed to cooperate with any  
30 31 examination or investigation by the superintendent or the  
30 32 attorney general as authorized by this chapter.

30 33 c. The competence, experience, or integrity of the  
30 34 licensee or any controlling person of the licensee indicates  
30 35 that it would not be in the interest of the public to permit  
31 1 that person to participate in business regulated under this  
31 2 chapter.

31 3 Sec. 20. NEW SECTION. 533B.20 APPOINTMENT OF  
31 4 SUPERINTENDENT AS AGENT FOR SERVICE OF PROCESS == FORWARDING  
31 5 OF PROCESS == CONSENT TO JURISDICTION.

31 6 1. A licensee, an authorized delegate, or a person who  
31 7 knowingly engages in business activities that are regulated  
31 8 under this chapter with or without filing an application is  
31 9 deemed to have done both of the following:

31 10 a. Consented to the jurisdiction of the courts of this  
31 11 state for all actions arising under this chapter.

31 12 b. Appointed the superintendent as the lawful agent for  
31 13 the purpose of accepting service of process in any action,  
31 14 suit, or proceeding that may arise under this chapter.

31 15 2. Within three business days after service of process on  
31 16 the superintendent, the superintendent shall transmit by  
31 17 certified mail or restricted certified mail copies of all  
31 18 lawful process accepted by the superintendent as an agent to  
31 19 that person at its last known address. Service of process  
31 20 shall be considered complete three business days after the  
31 21 superintendent deposits the copies in the United States mail.

31 22 Sec. 21. NEW SECTION. 533B.21 PROHIBITED TRANSACTIONS.

31 23 A person shall not engage in conduct requiring a license  
31 24 under this chapter as an authorized delegate of a principal if  
31 25 that principal is not licensed under this chapter. A person  
31 26 who does so shall be deemed to be the principal seller,  
31 27 issuer, or actor, and not merely an authorized delegate, and  
31 28 is liable to the holder, remitter, or customer as the  
31 29 principal.

31 30 Sec. 22. NEW SECTION. 533B.22 CRIMINAL PENALTIES.

31 31 1. A person is guilty of a class "D" felony who knowingly  
31 32 does any of the following:

31 33 a. Makes any false statement, misrepresentation, or false  
31 34 certification in any application, financial statement, account  
31 35 record, customer receipt, report, or other document filed or  
32 1 required to be maintained or filed under this chapter or who  
32 2 knowingly makes any false entry or omits a material entry in  
32 3 any such document.

32 4 b. Evades or attempts to evade any reporting requirement  
32 5 of this chapter; or that imposed by 31 U.S.C. } 5311 through  
32 6 5326 and 31 C.F.R. } 102 or 12 C.F.R. } 21.11; or by chapter  
32 7 529, the Iowa financial transaction reporting Act; whether by  
32 8 structuring transactions as described in 31 C.F.R. } 103, by  
32 9 causing any financial institution, financial services  
32 10 business, trade, or business to fail to file such report, by  
32 11 failing to file a required report or document, or otherwise.

32 12 c. Provides any false information or omits to disclose  
32 13 information, which causes any financial institution, financial  
32 14 services business, trade, or business to do any of the  
32 15 following:

32 16 (1) Fail to file any report or record required of this  
32 17 chapter or imposed by 31 U.S.C. } 5311 through 5326 and 31  
32 18 C.F.R. } 102 or 12 C.F.R. } 21.11 or chapter 529, regarding  
32 19 financial transaction reporting.

32 20 (2) File any such report or record containing a material  
32 21 omission or misstatement of fact.

32 22 d. Falsifies, conceals, covers up, or misrepresents, or  
32 23 attempts to falsify, conceal, cover up, or misrepresent the  
32 24 identity of any person in connection with any transaction with  
32 25 a financial institution or financial services business.

32 26 e. Makes, uses, offers, or presents, or attempts to make,  
32 27 use, offer, or present, whether accepted or not, in connection  
32 28 with a transaction with a financial institution or financial  
32 29 services business, a forged instrument, a falsely altered or  
32 30 completed writing, or a writing that contains any materially  
32 31 false personal identification information.

32 32 f. Being a financial services business, an authorized  
32 33 delegate, a person engaged in a trade or business, or any  
32 34 employee of a financial services business, an authorized  
32 35 delegate, or a person engaged in a trade or business, the  
33 1 person knowingly accepts false personal identification  
33 2 information from any person or otherwise knowingly  
33 3 incorporates false personal identifying information into any  
33 4 report required by this chapter or imposed by 31 U.S.C. } 5311  
33 5 through 5326 and 31 C.F.R. } 102 or 12 C.F.R. } 21.11 or  
33 6 chapter 529, regarding financial transaction reporting.

33 7 g. Conducts, controls, manages, supervises, directs, or  
33 8 owns all or part of a money transmitting business, unless the  
33 9 business complies with the licensing requirements of this  
33 10 chapter and money transmitting business registration  
33 11 requirements of 31 U.S.C. } 5330.

33 12 2. A person is guilty of an aggravated misdemeanor who  
33 13 knowingly:

33 14 a. Offers, confers, or agrees to confer any material  
33 15 benefit upon a financial services business, an authorized  
33 16 delegate, or any employee of a financial services business or  
33 17 authorized delegate, in the course of a transaction  
33 18 transmitting money, other than transaction fees authorized by  
33 19 the licensee and accounted for in records made available to  
33 20 the licensee.

33 21 b. Being a financial services business, an authorized  
33 22 delegate, or any employee of a financial services business or  
33 23 an authorized delegate, solicits, accepts, or agrees to accept  
33 24 any material benefit from a customer in the course of a  
33 25 transaction transmitting money, other than transaction fees  
33 26 authorized by the licensee and accounted for in records made  
33 27 available to the licensee.

33 28 c. Being a licensee, the person solicits or accepts, or  
33 29 permits an authorized delegate of the licensee to solicit or  
33 30 accept, in the course of a transaction transmitting money, any  
33 31 benefit, other than transaction fees authorized by the  
33 32 license.

33 33 3. A person who refuses to permit any lawful investigation  
33 34 by the superintendent or attorney general shall be guilty of a  
33 35 serious misdemeanor.

34 1 4. A person who directly or through another violates or  
34 2 attempts to violate any provision of this chapter for which a  
34 3 different penalty is not specifically provided is guilty of an  
34 4 aggravated misdemeanor.

34 5 5. Each transaction in violation of this chapter and each  
34 6 day that a violation continues shall be a separate offense.

34 7 6. In this section, "writing" and "identification  
34 8 information" have the same meaning as prescribed in sections  
34 9 715A.1 and 715A.8.

34 10 Sec. 23. NEW SECTION. 533B.23 CIVIL PENALTIES.

34 11 1. Any person who knowingly violates any provision of this  
34 12 chapter shall be assessed a civil penalty in an amount equal  
34 13 to the value of the gross business conducted in connection  
34 14 with the violation plus the state's costs and expenses of the  
34 15 investigation and prosecution of the matter, including  
34 16 reasonable attorney fees.

34 17 2. A person who violates section 533B.22, subsection 1, as  
34 18 part of a pattern of violations involving a total of more than  
34 19 one hundred thousand dollars in any twelve-month period shall,  
34 20 in addition to any other criminal or civil remedy, be subject  
34 21 to a civil penalty of three times the amount involved in the  
34 22 pattern of violations, including conduct before and after the  
34 23 twelve-month period.

34 24 3. The attorney general or the superintendent may bring an  
34 25 action in the district court of the county in which a  
34 26 violation of this section is alleged to have occurred or in  
34 27 any other county in which venue is permitted under Iowa law in  
34 28 the same manner as the filing of other actions.

34 29 Sec. 24. NEW SECTION. 533B.24 RECORDS == DISCLOSURE.

34 30 1. Except as otherwise provided by this chapter, the  
34 31 records of the banking division relating to financial  
34 32 institutions are not public documents and are not open for  
34 33 inspection by the public and neither the superintendent nor  
34 34 any member of the superintendent's staff shall disclose any  
34 35 information obtained in the discharge of these official duties  
35 1 to any person not connected with the banking division, except

35 2 that the superintendent may disclose the information to any of  
35 3 the following:

- 35 4 a. To representatives of federal agencies insuring
- 35 5 accounts in the financial institution.
- 35 6 b. To representatives of state or federal agencies and
- 35 7 foreign countries having regulatory or supervisory authority
- 35 8 over the activities of the financial institution or similar
- 35 9 financial institutions if those representatives are permitted
- 35 10 to and do, upon request of the superintendent, disclose
- 35 11 similar information respecting those financial institutions
- 35 12 under their regulation or supervision or to those
- 35 13 representatives who state in writing under oath that they will
- 35 14 maintain the confidentiality of that information.
- 35 15 c. To the attorney general of this state.
- 35 16 d. To a federal or state grand jury in response to a
- 35 17 lawful subpoena.
- 35 18 e. To the auditor of this state for the purpose of
- 35 19 conducting audits authorized by law.

35 20 2. The superintendent may make any of the following  
35 21 disclosures:

- 35 22 a. Disclose the fact of filing of applications with the
- 35 23 banking division pursuant to this chapter, give notice of a
- 35 24 hearing, if any, regarding those applications, and announce
- 35 25 any action related to the applications.
- 35 26 b. Disclose final decisions in connection with proceedings
- 35 27 for the suspension or revocation of licenses issued pursuant
- 35 28 to this chapter.
- 35 29 c. Prepare and circulate reports reflecting the assets and
- 35 30 liabilities of financial institutions, including other
- 35 31 information considered pertinent to the purpose of each report
- 35 32 for general statistical information.
- 35 33 d. Prepare and circulate reports required to be provided
- 35 34 by law.

35 35 3. Every official report of the banking division is prima  
36 1 facie evidence of the facts stated in any action or proceeding  
36 2 in which the superintendent is a party.

36 3 4. This section shall not be construed to prevent the  
36 4 disclosure of information that is admissible in evidence in  
36 5 any civil or criminal proceeding brought by or at the request  
36 6 of the superintendent or this state to enforce or prosecute  
36 7 violations of this chapter or the rules, regulations, or  
36 8 orders issued or adopted pursuant to this chapter.

36 9 Sec. 25. NEW SECTION. 533B.25 RULES.

36 10 The superintendent may adopt rules pursuant to chapter 17A  
36 11 as necessary to administer this chapter.

36 12 Sec. 26. NEW SECTION. 533B.26 UNIFORMITY OF CONSTRUCTION  
36 13 AND APPLICATION.

36 14 1. The provisions of this chapter shall be liberally  
36 15 construed to effectuate its remedial purposes. Civil remedies  
36 16 under this chapter shall be supplemental and not mutually  
36 17 exclusive. The civil remedies under this chapter do not  
36 18 preclude and are not precluded by other provision of law.

36 19 2. The provisions of this chapter shall be applied and  
36 20 construed to effectuate its general purpose to make uniform  
36 21 the law with respect to the subject of this chapter among  
36 22 states enacting it.

36 23 3. The attorney general is authorized to enter into  
36 24 reciprocal agreements with the attorney general or chief  
36 25 prosecuting attorney of any state to effectuate the purposes  
36 26 of this chapter.

36 27 Sec. 27. NEW SECTION. 533B.27 SEVERABILITY.

36 28 If any provision of this chapter or application to any  
36 29 person or circumstance is held invalid, the invalidity does  
36 30 not affect other provisions or applications of this chapter  
36 31 that can be given effect without the invalid provisions or  
36 32 application.

36 33 Sec. 28. NEW SECTION. 533B.28 FINANCIAL SERVICES  
36 34 LICENSING FUND.

36 35 1. A financial services licensing fund is established as a  
37 1 separate fund in the state treasury under the authority of the  
37 2 banking division of the department of commerce. Moneys  
37 3 deposited in the fund shall be used to pay for staffing  
37 4 necessary to perform examinations, audits, and other duties  
37 5 required of the superintendent and the banking division under  
37 6 this chapter.

37 7 2. The fund may receive moneys including, but not limited  
37 8 to, the following:

- 37 9 a. Moneys appropriated to the fund by the general
- 37 10 assembly.
- 37 11 b. Moneys credited to the fund from application fees and
- 37 12 license fees under section 533B.8.



37 13 c. Moneys credited to the fund from license renewal fees  
37 14 and late fees under section 533B.9.  
37 15 d. Moneys credited to the fund from branch license  
37 16 application fees under section 533B.9.  
37 17 e. Moneys credited to the fund from examination fees under  
37 18 section 533B.10.  
37 19 f. Moneys credited to the fund from penalties assessed  
37 20 under section 533B.13.  
37 21 g. Moneys credited to the fund from examination payments  
37 22 assessed under section 533B.13.  
37 23 h. Moneys credited to the funds from applications for  
37 24 approval to acquire control of a licensee under section  
37 25 533B.18.

37 26 Notwithstanding section 8.33, moneys appropriated to the  
37 27 fund and other moneys credited to the fund shall not revert at  
37 28 the close of the fiscal year but shall remain in the financial  
37 29 services licensing fund and shall remain available for  
37 30 expenditure for the purposes designated.

37 31 Sec. 29. NEW SECTION. 533B.29 EFFECTIVE DATE.

37 32 This chapter shall be effective on January 1, 2004. All  
37 33 persons engaged in activities within this state encompassed by  
37 34 this chapter on the date it becomes effective shall file  
37 35 applications in accordance with sections 533B.7 and 533B.8 by  
38 1 January 1, 2004. A person shall not be considered in  
38 2 violation of any provision of this chapter if the application  
38 3 of that person is timely filed unless and until the  
38 4 application is denied.

38 5 Sec. 30. EFFECTIVE DATE. This Act takes effect January 1,  
38 6 2004.

38 7 EXPLANATION

38 8 This bill rewrites current Code chapter 533B, regarding the  
38 9 sale of certain instruments for payment of money, and  
38 10 implements new Code chapter 533B, the Iowa financial services  
38 11 business licensing and regulation Act.

38 12 Code section 533B.2 provides legislative findings on the  
38 13 economics of ongoing criminal activity and provides an  
38 14 economic-based rationale for financial remedies, and Code  
38 15 section 533B.3 sets out the purposes of the Act, which are  
38 16 defending legitimate commerce from criminal activity and  
38 17 remedying the economic effects of crime.

38 18 Code section 533B.4 provides definitions for terms used in  
38 19 the chapter, including "authorized delegate", "conduct the  
38 20 business" and "financial services business", "payment  
38 21 instrument", "money", "responsible individual", "transaction",  
38 22 and "transmitting money".

38 23 Code section 533B.5 requires a license for covered activity  
38 24 and establishes jurisdiction over activity occurring in the  
38 25 state.

38 26 Code section 533B.6 exempts from licensing governmental  
38 27 entities, banks, bank holding companies, credit unions,  
38 28 savings and loans, savings banks and other financial  
38 29 businesses licensed under state law.

38 30 Code section 533B.7 creates an application process similar  
38 31 to that for other licensed financial businesses. It requires  
38 32 certain information about the background and personal history  
38 33 of the applicant, including photograph, fingerprints, and  
38 34 financial background.

38 35 Code section 533B.8 requires a licensee to submit a  
39 1 financial statement showing net worth, and to maintain a bond  
39 2 for the protection of people injured by the licensee's default  
39 3 or fraud. The licensee may also post certain alternatives to  
39 4 a bond.

39 5 Code section 533B.9 requires licenses to be granted or  
39 6 denied within 120 days of application, or the application is  
39 7 deemed approved. Licensees may do business through branch  
39 8 offices.

39 9 Code section 533B.10 permits licensees to do business  
39 10 through delegates, called "authorized delegates". The  
39 11 superintendent of banking has the power to do examinations and  
39 12 issue orders to prevent abuses by delegates similar to powers  
39 13 over similar financial businesses. Licensees are assured some  
39 14 protection against wrongdoing or default by their delegates,  
39 15 but are responsible to the public for the acts of their  
39 16 delegates. The superintendent may issue cease and desist  
39 17 orders in connection with conduct of authorized delegates.

39 18 Code section 533B.11 gives the superintendent suspension  
39 19 and revocation powers. These powers include suspension or  
39 20 revocation of a license if the licensee's authorized delegate  
39 21 has violated money laundering prohibitions or failed to make  
39 22 required financial transaction reports if done "as a result of  
39 23 a course of negligent failure to supervise or as a result of

39 24 the willful misconduct of the licensee".  
39 25 Code section 533B.12 requires a hearing prior to suspension  
39 26 or revocation, as well upon request after the denial of  
39 27 license application. Notice is provided for, and the  
39 28 superintendent's authority to subpoena witnesses and physical  
39 29 items is made explicit.  
39 30 Code section 533B.13 requires submission of quarterly and  
39 31 yearly financial reports. The superintendent is given  
39 32 authority to make on-site examinations, and impose civil  
39 33 penalties for late or insufficient reports. The examinations  
39 34 may be made with representatives of other agencies, states, or  
39 35 the federal government. The superintendent may accept  
40 1 examination reports of other agencies, states, or federal  
40 2 agencies in lieu of on-site examination.  
40 3 Code section 533B.14 requires that licensees be able to  
40 4 cover liabilities representing amounts that their customers  
40 5 have entrusted to them through secure investments.  
40 6 Code section 533B.15 requires regular records to be kept  
40 7 and made available for examinations. The records must  
40 8 demonstrate that any authorized delegate was subjected to a  
40 9 reasonable background investigation. All records must be kept  
40 10 for at least five years, must be maintained at a designated  
40 11 place, and must be made available at the superintendent's  
40 12 office on five business days' notice if kept out-of-state.  
40 13 Code section 533B.16 requires a licensee to stand behind  
40 14 its payment instruments. If an authorized delegate becomes  
40 15 insolvent, the licensee must make good on the payment  
40 16 instruments the authorized delegate sold to customers.  
40 17 Code section 533B.17 requires the keeping of transaction  
40 18 records for five years.  
40 19 Code section 533B.18 prevents a person from buying control  
40 20 of a licensee if that person could not have obtained a  
40 21 license.  
40 22 Code section 533B.19 gives the superintendent specific  
40 23 authority to seek injunctions.  
40 24 Code section 533B.20 provides jurisdiction and service of  
40 25 process for state courts and the superintendent whether or not  
40 26 the person obtains a license.  
40 27 Code section 533B.21 provides that persons who engage in  
40 28 conduct requiring a license as an authorized delegate of a  
40 29 principal who is unlicensed will be deemed to be the principal  
40 30 seller, and not just a delegate.  
40 31 Code section 533B.22 provides criminal penalties, ranging  
40 32 from a class "D" felony to a serious misdemeanor. A false  
40 33 statement in connection with licenses is a class "D" felony  
40 34 violation and failure to permit lawful investigation is a  
40 35 serious misdemeanor.  
41 1 All violations of the Act for which a different penalty is  
41 2 not specifically provided are made aggravated misdemeanors.  
41 3 Code section 533B.23 creates civil penalties, with the  
41 4 general liability set at the amount equal to the value of the  
41 5 gross business conducted in connection with the violation.  
41 6 The attorney general is given authority to bring such actions.  
41 7 Code section 533B.24 provides that records of the  
41 8 superintendent are not public but may be disclosed in certain  
41 9 circumstances.  
41 10 Code section 533B.25 provides that the superintendent may  
41 11 adopt rules to administer the Code chapter.  
41 12 Code section 533B.26 provides for uniformity in the  
41 13 application, liberal construction and interstate employment of  
41 14 the Code chapter.  
41 15 Code section 533B.27 states that the provisions of the Code  
41 16 chapter are severable so the invalidity of one does not affect  
41 17 the validity of the others.  
41 18 Code section 533B.28 creates the financial services  
41 19 licensing fund, to be administered by the banking division of  
41 20 the department of commerce. The fund is primarily composed of  
41 21 application fees, license fees, examination fees, and  
41 22 penalties assessed under Code chapter 533B. The moneys  
41 23 transmitted to the fund do not revert, but remain available to  
41 24 pay for staffing necessary to perform examinations, audits,  
41 25 and other duties required of the banking division under Code  
41 26 chapter 533B.  
41 27 Code section 533B.29 provides that the newly rewritten Code  
41 28 chapter is effective on January 1, 2004, and the bill takes  
41 29 effect on the same date.  
41 30 LSB 1042DP 80  
41 31 jj/sh/8